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The U.S. secretary of defense, Caspar W. Weinberger, left, and the West German defense minister, Manfred Wörner, inspected a surface-to-air missile in Giessen on Monday.

## U.S. Missile Plan Aims to Penetrate Any Defenses Moscow Can Devise

By Bill Keller

New York Times Service

WASHINGTON — While the Defense Department has begun research aimed at making Soviet nuclear missiles impotent, a small Air Force program is trying to assure that U.S. nuclear missiles never meet the same fate.

The project, called the Advanced Strategic Missile Systems program, would get a sharp increase in funds in President Ronald Reagan's budget. The money would be used to design and test advanced decoys, zig-zagging warheads, and other devices designed to sneak past any defense the Soviet Union can develop.

To some scientists and defense analysts outside the government, the work of this office weakens the case for Mr. Reagan's proposed space-based missile defense program, called the Strategic Defense Initiative.

The administration says it hopes that with the development of reliable anti-missile defenses, both sides would agree to reduce their arsenals of offensive missiles.

But critics of the space-based proposal point to measures already devised by the missile systems program as evidence that, as defensive systems are developed, offensive systems will be developed to circumvent them.

According to the proposed military budget, the missile systems program whose headquarters are

### Weinberger Tries To Allay Bonn's Fears on Troops

United Press International

GIESSEN, West Germany

— Defense Secretary Caspar W. Weinberger countered European fears Monday that an expensive space-based defense system would force the United States to cut its conventional forces abroad.

Mr. Weinberger said after conferring with the West German defense minister, Manfred Wörner, that the anti-missile defense system could be financed without saving money by cutting U.S. troop strength.

The defense secretary, who is on a European trip to rally support for the defense initiative, said there would be no reduction in the 248,000 U.S. troops in West Germany.

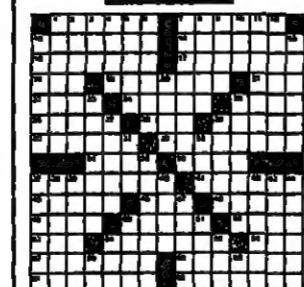
Most of the increase proposed for the 1986 fiscal year, air force officials said, would pay for research into advanced "generation aids" to help U.S. missiles reach their targets.

These include clouds of wire bits, called chaff, and light-reflecting aerosols that confuse enemy sensors; decoys that present enemy defenses with a baffling multiplicity of targets; and "defense suppression systems" that home in on enemy radars and destroy them to clear the way for nuclear missiles.

One of the most advanced de-

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## French-U.K. Dispute Imperils New Fighter

By Axel Krause

International Herald Tribune

PARIS — A deadlock between French and British aerospace companies threatens to block plans for building a new European combat plane in the 1990s. West Europe's most ambitious fighter-building program in 15 years.

The dispute includes the sharing of responsibility for design leadership, financing and production.

In an effort to resolve the disagreements, which have emerged during the last several months of feasibility studies, senior defense officials from the participating governments, France, Britain, West Germany, Italy and Spain, plan to meet in Paris on March 12.

The European Fighter Aircraft project would be the largest European aerospace venture since the Tornado fighter-bomber program was established by Britain, West Germany and Italy in 1969. The new project involves building a minimum of 1,000 planes that could generate about \$30 billion in orders for the European industry. The first deliveries are planned for 1995.

The total cost of developing the new plane is estimated by aerospace industry sources at \$1 billion to \$3 billion.

The disagreements over the plane, primarily between Avions Marcel Dassault-Breguet Aviation and British Aerospace PLC, both state-controlled companies, have reduced the chances of the project's success, industry and government sources have said in recent interviews. The sources declined to be identified.

The reason for the reluctance of sources to be identified is that it will probably take a meeting of the ministers themselves to break the deadlock, which is embarrassing and until they start talking openly, no one wants to be out front, at least not for attribution," a senior West German diplomat said.

A failure by ministry officials to agree on the plan would represent a major setback to Europe's growing efforts to establish aerospace programs in competition with the United States.

Recent examples of successful ventures include the decision made last month by the European Space Agency to expand its manned space program and agreements reached earlier this month by several member countries of the North Atlantic Treaty Organization for joint construction of a new transport helicopter.

The deadlock over the new fighter results from disagreements that emerged during feasibility studies

that were started at a meeting of defense ministers from the five governments in Madrid in July.

"We are still stuck on fundamental issues. Hard bargaining lies ahead during the next several weeks," said a senior French defense planning official.

"This project is a major and new test of Europe's capacity to cooperate, which our governments are supporting, despite the continuing conflicts over industry questions," the West German diplomat said.

"Right now it looks very difficult."

The defense ministers' Madrid meeting did resolve several disputes, such as the need to equip the fighter with a new engine, and it set the weight of the plane at about 9.5 metric tons (about 10.5 short tons).

At an earlier meeting, the air forces of the five governments agreed that the fighter should be a single-seat, twin-engine, short takeoff and landing plane designed for aerial combat as well as hitting targets on the ground.

The Netherlands said last fall that it was planning to join the project with the intention of replacing its General Dynamics F-16s with about 230 of the new fighters in the late 1990s. But Dutch officials said last week that they were awaiting the outcome of next month's meeting before making a commitment.

According to current plans, some 800 of the new European fighters would replace McDonnell Douglas F-4 Phantoms in West Germany and Spain, British-French Jaguars in those two countries, Dassault-Breguet Super Etendards and Mirage fighters in France and Lockheed 104s in Italy. They also would be designed to compete in export markets against fighters being developed by the United States, which could generate about 200 additional orders for the new jets.

The new fighters would be "the latest example of Europe going it alone. It is a definite challenge to U.S. leadership in a critical area of high technology," said a senior executive of a leading U.S. aerospace company. It is involved in developing an advanced tactical fighter for the U.S. Air Force, also for the late 1990s. "The chances of collaborating with our European NATO allies again, as we did on the F-16, are about nil, at least for right now," he added.

Failure to resolve the deadlock soon could lead to a breakup of the five-nation group trying to develop the new fighter. U.S. and European industry executives said that could brighten prospects of a collaboration.

The deadlock over the new fighter results from disagreements that emerged during feasibility studies



The Associated Press  
President Reagan and King Fahd at White House ceremony.

## Reagan Calls On Fahd To Bring Arabs to Talks

The Associated Press

WASHINGTON — President

Ronald Reagan challenged King Fahd of Saudi Arabia on Monday to use his "considerable influence" in the Moslem world to get direct negotiations started between Israel and its Arab neighbors.

But King Fahd, replying in Arabic in ceremonies at the start of a five-day visit, said it was up to the United States to lend its efforts in support of the Palestinians, whom he called "victims of unjust aggression."

Greeting the king on the South

Lawn of the White House, Mr. Reagan said, "The security of Israel and other nations of the region and the legitimate rights of the Palestinian people can and should be addressed in direct negotiations."

He told the king that "it is time to put this tragedy to rest and turn the page to a new and happier chapter."

King Fahd gave no indication that Saudi Arabia would heed Mr. Reagan's call for talks with Israel.

The two leaders then went directly to the Oval Office to begin their discussions.

"The main thing we seek [is] to establish and make plain our great friendship for each other," Mr. Reagan said at the news conference. "I am very optimistic."

Algeria	4,000 Drs.	Iceland	1,545	Norway	7,800 Nkr.
Austria	20.5	Italy	1,500 Lire	Orissa	0.7600
Bahrain	0.600	Jordan	450 Drs.	Pakistan	90.00
Bulgaria	45.15	Kuwait	1,140 Dinar	Qatar	1,430 Kshs.
Canada	C\$1.20	Liberia	1,000 L. C.	Reps. of Ireland	70 P.
Cyprus	C.0.70	Malta	1,000 L. M.	Saudi Arabia	4,000 R.
Denmark	8.00 Dkr.	Lebanon	1,000 L. L.	Singapore	110 Pes.
Egypt	100 P.	Liberia	1,000 L. L.	Tunisia	1,170 D.
Finland	7.000	Liberia	1,050 L. L.	Turkey	1,000 Drs.
France	1,000 F.	Madagascar	1,050 G.	Turkey	1,400 Drs.
Germany	50 P.	Morocco	5,50 Drs.	U.S. M.	900 Drs.
Greece	80 Dr.	Netherlands	1,75 F.	U.S. M.	900 Drs.
Iraq	115 Drs.	Nigeria	170 F.	Yugoslavia	170 D.

## Dollar Hits New Records

Pound at \$1.09;  
2,000 Barrier  
Broken in Milan

The Associated Press

LONDON — The U.S. dollar continued breaking records Monday, reaching new highs against the British, French and Italian currencies. The pound fell below \$1.10 for the first time on London markets, dipping more than a cent to \$1.096 in late trading.

Foreign exchange dealers attributed the dollar's continued rise to political stability and robust economic activity in the United States, and to a lack of alternatives to the U.S. currency.

"Undoubtedly, the dollar remains the favorite investment currency," said a dealer in Frankfurt.

The pound, regarded as a petro-currency because of Britain's North Sea reserves, stabilized somewhat last week as the oil market solidified, but it sank Friday to a record low of \$1.1105 and kept dropping Monday.

In late trading in Milan, the dollar broke 2,000 lire Monday for the first time, reaching 2,003.80 at the fixing, compared with 1,995 Friday. In Paris, the dollar was fixed at 9,9465 French francs, and in early New York trading the dollar breached the 10-franc barrier.

The U.S. currency was at its highest in at least 13 years against the Deutsche mark, reaching 3,257 DM at the fixing, compared with 3,2426 DM Friday. It hit a seven-year high against the Swiss franc, at 2,7883 in late trading Monday, against 2,766 late Friday.

Tokyo financial markets were closed for a national holiday. The dollar was quoted in Europe at 260.70 yen, compared with 260.50 yen late Friday in Tokyo.

### Little Intervention Detected

No major central bank activity in foreign exchange markets was detected Monday. Reuters reported from London, quoting European traders.

Traders were awaiting reports from the monthly meeting of central bankers Monday at the Bank for International Settlements in Switzerland, where the dollar's strength was expected to be high on the agenda. The bankers apparently took no action, however.

The Bank of England sold "moderate" amounts of dollars to support the pound, a dealer said, but other traders saw the bank's action as mainly a smoothing operation in a volatile market.

"The feeling is that the Fed has badly let down the other central bank," said a dealer at a major U.S. bank in London. He was referring to a vague statement last month by the finance ministers of the United States, Japan, Britain, West Germany and France supporting concerted intervention where necessary on foreign exchanges.

The dealer said a debate was going on within the Federal Reserve Board in the United States over whether to allow the dollar to remain high to finance the huge U.S. budget deficit, or to intervene to help European partners.

Lack of commitment by central banks has encouraged speculation on a higher dollar, dealers said.

"There's absolutely no chance of a cut in U.S. base rates until at least next month," a dealer said. The base lending rates were increased 4½ points, to 14 percent, last month in an effort to support the British currency.

Some dealers said the British government's intention to go ahead with tax cuts in its budget next month was seen as bad news by some foreign investors, who would prefer tighter British monetary policy.

The official said King Hussein is determined to proceed, but that negotiations with Israel are the only way to help Palestinians living under Arab control.

Secretary of State George P. Shultz said in a television interview Monday that the discussions with King Fahd would cover "the whole strategic situation in the Mideast and certainly about the peace process."

Asked how long the United States could "sit on the sidelines" in the Mideast peace process, Mr. Shultz said: "We're not on the sidelines by any means. We're very active... building the blocks that are necessary to put in place for an active negotiation to take place, whether that be in Israel or whether it be in the Arab states. After all, if we're going to get someplace in the peace process, an Arab negotiator has to sit down with an Israeli negotiator."

The spokesman said the six could be prosecuted "unless there is a reasonable explanation for the conduct or proof that there was no intent to harm security."

While the six-member Progressive List for Peace delegation is believed to be the largest from Israel, it would agree on a way to negotiate with Israel at least until the spring.

The official said King Hussein is determined to proceed, but that negotiations with Israel are the only way to help Palestinians living under Arab control.

Also upsetting for Poles, then and now, was the manner in which their country's new borders were drawn. The eastern frontier with the Soviet Union was fixed along the so-called Curzon Line, with Roosevelt making only a half-hearted plea to an unwilling Stalin to return the treasured cultural center of Lemberg to Poland.

It was agreed that the Poles would be compensated with German lands for territories lost to the Russians. But unable to settle on new western and northern borders for Poland, the Big Three postponed the issue until the Potsdam Conference five months later.

"It all happened over our heads," said Jerzy Krasowski, director of the national theater, stating a commonly held view.

Krystyna Kiersten, a historical researcher at a Polish Academy of Sciences institute, said: "Most Poles would like to believe that Roosevelt and Churchill could have acted differently at Yalta."

"They feel those two sold out," she said.

(Continued on Page 2, Col. 2)

## 40 Years Later, Many Poles Remain Bitter About Yalta Pact

By Bradley Graham  
Washington Post Service

WARSAW — As Europe prepares for the 40th anniversary of Hitler's defeat, Warsaw's national theater is featuring a play called "Yalta," about the 19

## Papal Trip: No Miracles to Resolve Theological Differences

By E.J. Dionne Jr.  
New York Times Service

ROME — Among the burdens that Pope John Paul II bore during the visit to South America that ended last week were those laid upon him by Luis Ortiz, a salesman and Maria Hernandez Soliz, a housewife. Others expected thoughtful or inspiring

people in Venezuela, Ecuador, Peru, and Trinidad and Tobago.

As the head of a church that is governed from Europe, the pontiff oversees an organization that is strongest in the Third World and, by the year 2000, will have a majority of its membership in Latin America.

Moreover, it is in Latin America where, from the Vatican's point of view, some of the most troublesome movements within Catholicism have taken root. Most notable among these is the theology of liberation, which sees a special responsibility for the church to lift up the poor, and often advocates radical politics as the way to do it.

Yet at the end of the pope's 12-day trip, many questions remained unanswered. The complexities are such that, in the end, though everyone will listen to the pope, as Mr. Ortiz said, different audiences may choose to hear different things.

The situation owes in part to the theology of liberation itself, which, as the pope

said, contains many currents. It is not simply an intellectual movement. It is a social and political force that is seeking to change both Latin American society and the church itself.

The pope spoke most clearly on the structure of the church. He reaffirmed that Roman Catholicism is a hierarchical organization and that bishops, as he told a group of prelates in Venezuela, had an obligation to correct those who "proclaim not the truth of Christ but their own theories."

For anyone accustomed to the Roman Catholic Church before the Second Vatican Council, such a comment would seem unexceptional. But the change in spirit fostered by the council — the growth in the idea of the church as "the people of God" — created a strong movement toward greater internal freedom from the traditional hierarchical structures.

liberation theology, this is expressed as the view of the church "from the bottom up." It is widely believed in the Vatican

that one of the most disturbing aspects of the teachings of the Reverend Leonardo Boff, the Brazilian liberation theologian called to Rome last year to explain his views, is his critique of the church's hierarchy.

For both Father Boff and liberationists seen as more orthodox, such as the Reverend Gustavo Gutierrez of Peru, learning from "the people" is one of the church's essential tasks. And it is becoming increasingly clear that one of John Paul's goals in calling a bishops' synod this November is to examine the results of the Vatican Council II to question just such a populist view of the church.

On the subject of social action itself, however, the pope's words are subject to a much wider range of interpretations.

There can be no doubt that he favors far greater economic equality and much more attention to the poor and sees the wealthier countries of the North as at least partly responsible for the plight of "the poor South."

Yet John Paul was just as clear in opposing the materialism of Marxist theory and in resolutely opposing violence and "class struggle" to achieve social change. All this can be read as an implicit criticism of the Sandinistas in Nicaragua and the presence of priests in their government.

A difficulty is that the well-off insist that they, too, favor the poor; capitalism, they say, is an engine for growth. And leftist Christians deny they are Marxists, especially if being "Marxist" means accepting atheism.

What remains open to question after the pope's visit is just what sort of social action is permissible in the pope's eyes and what is not. He has clearly ruled out communism and pure free-market capitalism. He thinks the church should side with the poor, but does not want it to turn against the rich. This is what he meant when he said the church's "preferential option for the poor" should not be "exclusive or excluding."

## WORLD BRIEFS

### India and Sri Lanka Discuss Tamils

NEW DELHI (UPI) — Prime Minister Rajiv Gandhi met over the weekend with Sri Lanka's minister for national security to discuss Sri Lanka's continuing difficulties with Tamil guerrilla separatists.

Several newspapers called the visit by Sri Lanka's national security minister, Lalith W. Athulathmudali, "useful" and "improductive." But the minister, before returning Sunday to Sri Lanka, said the talks had been constructive. The minister arrived in New Delhi on Saturday after being encouraged by the United States to seek India's help in solving Sri Lanka's ethnic problem, which involves the demand for a separate nation by the minority Tamils.

Mr. Athulathmudali said that Mr. Gandhi "well understands" Sri Lanka's concern and the two men had agreed to maintain "close contact between our two countries at an appropriate high level." Relations between India and Sri Lanka have been strained by Sri Lankan assertions that India shelters, trains and arms Tamil guerrillas. India has repeatedly denied the allegations.

### U.K. Aide Acquitted in Falklands Leak

LONDON (UPI) — A court acquitted a senior Defense Ministry official Monday on charges of breaking the Official Secrets Act by leaking documents to an opposition member of Parliament about the sinking of an Argentine cruiser, General Belgrano, during the Falkland Islands war.

The jury found Clive Ponting, 38, not guilty of breaching the 1911 act, which forbids transmitting government information to unauthorized persons. Mr. Ponting headed the Defense Ministry branch directly concerned with naval operations and was a key adviser to Defense Secretary Michael Heseltine. The verdict was unexpected.

Mr. Ponting's defense was that he was the recipient of the documents, Tam Dalyell, a Labor member of Parliament, was an "authorized" person to receive the information and that it was in the interest of the state to hand it over to him. Mr. Dalyell had alleged that Prime Minister Margaret Thatcher ordered the cruiser's destruction in order to derail a peace plan that was being put forward by Peru. The ship was sunk May 2, 1982.

### U.S. Envoy to France Stepping Down

PARIS (AP) — The U.S. ambassador to France, Evan G. Galbraith, said Monday that he would leave his post in July after nearly four years in Paris. No replacement was announced.

"It has been a unique experience, and I am grateful to President Reagan for having allowed me to serve," he said in a statement released by the U.S. Embassy. Mr. Galbraith, 56, a former investment banker, would not disclose his plans, but he said he expected to play an active role in conservative politics.

Mr. Galbraith has been called in three times by the French government and asked to explain statements he had made. A year ago, he was taken to task for saying in a radio interview that French Communists could not be trusted because of their ties to Moscow.

### Glemp Vows to Defend Polish Priests

WARSAW (Reuters) — Cardinal Jozef Glemp accused Poland's Communist authorities Monday of waging an ideological struggle against the Catholic Church and pledged he would defend priests threatened with imprisonment.

Cardinal Glemp, the Polish primate, was sharply critical of the conduct of the trial of four security police officers imprisoned for the murder of Jerzy Popieluszko, a priest who was a strong supporter of the banned Solidarity labor movement. "There was an attempt to hold a trial of Father Popieluszko, not in a formal manner, but for the benefit of the propaganda media," he said.

The cardinal said a recent wave of anti-church statements in the state-controlled press and on television are "local pinpricks rather than a frontal attack but they do point to ideological struggle."

The primate's rare meeting with journalists followed expressions of anger by the church over Polish press coverage of the murder trial, which ended last week, and a warning by the religious affairs minister, Adam Lopatka, that the authorities would imprison radical priests in the future.

### British Railmen Back Striking Miners

LONDON (AP) — Train drivers in London called a one-day walkout Monday, despite the opposition of their union leaders, in support of the 49-week-old strike by British coal miners.

The walkout was part of a "day of action" protest called in southeast England on behalf of the miners, who went on strike last March 12 over plans by the National Coal Board to close 20 money-losing mines.

The Times of London reported that the coal board and the Trades Union Congress were devising a "formulation of words" to break a deadlock in talks with the National Union of Mineworkers. The general secretary of the miners union, Peter Heathfield, said Sunday night that new talks could be started if "an acceptable form of words" on the mine-closure issue could be found.

### Balloonist Dies in Plane Crash in U.S.

ALBUQUERQUE, New Mexico (AP) — Ben Abruzzo, 55, who rode in the first balloons to cross the Atlantic and Pacific oceans, was killed Monday along with his wife and four other people when their twin-engine plane crashed near an airport.

In August 1978, Mr. Abruzzo, Maxie Anderson and Larry Newman crossed the Atlantic Ocean in a balloon named the Double Eagle-2. The helium-filled craft landed at Eureux, France, after a five-and-a-half-day flight of about 3,000 miles (4,848 kilometers) from Presque Isle, Maine.

In November 1981, Mr. Abruzzo was captain of the helium-filled Double Eagle-3 when he, Mr. Newman and two other men made the first balloon crossing of the Pacific Ocean, flying from Nagashima, Japan, to Northern California in four days.

### Israelis Bomb Bekaa Valley for 2d Day

BEIRUT (UPI) — Israeli warplanes Monday pounded what the Israeli military said was a Palestinian base in the Syrian-controlled sector of eastern Lebanon's Bekaa Valley in the second air strike in 24 hours.

The Israeli Army said the aircraft scored hits on a base of a Palestinian guerrilla leader, Abu Mousa, near the village of Taalabaya, the site of Sunday's raid, about 22 miles (35 kilometers) southeast of Beirut.

There were no immediate reports of casualties from the air strike because of continuing explosions. The strike followed the killing last week of three Israeli soldiers in southern Lebanon.

### For the Record

President Hafez al-Assad of Syria, running as the only candidate, won re-election to a third term with 99.97 percent of the vote, the government announced Monday.

### 6 Israelis Meet With Arafat

(Continued from Page 1) coys, developed by Lincoln Laboratories, which is affiliated with Massachusetts Institute of Technology, is said to be capable of reading the signals from enemy radar or infrared sensors and instantly devising a counter-signal to fool the defenders into thinking the decoy is a real warhead.

Another top priority of the research office is a new, maneuverable re-entry vehicle that would be added to the MX missile or fitted onto an as-yet-undeveloped small U.S. missile called Midgetman.

Major Larry E. Skapin, who represents the program in the Pentagon, said the program's researchers plan to be studying advanced missile guidance systems this year that could be used against "relocatable targets."

Missiles with these precision guidance systems would receive infrared signals from spy satellites and adjust course to chase down mobile enemy missile launchers. The Russians have hundreds of movable SS-20 launchers capable of directing missiles at European targets, and both sides are developing mobile missiles of intercontinental range.

While decoys and maneuvering re-entry vehicles are designed to overwhelm defenses at the middle or final stages of a missile's trajectory, the missile systems program office is also beginning to study other measures, including some intended to protect missiles in the early boosting phase.

### U.K.

### Official

### Visits

### Sofia,

### Calls

### For

### Improved

### Ties

### The

### Associated

### Press

### AP

King Hussein of Jordan and the PLO agreed on "a framework for common action" to deal with the Palestinian problem, according to a Jordanian government statement issued in the Jordanian capital of Amman.

King Hussein and Mr. Arafat met Monday in Amman, but Palestinian sources had said they were far apart in their positions. The announcement gave no details of the new joint strategy.

Sayed Kamal, a member of the Palestine National Council who is known to be close to Mr. Arafat, said in Cairo that a three-way initiative, should it materialize, would be supported by Saudi Arabia and some other Arab countries.

"There is a possibility for a Jordanian-Egyptian-Palestinian move supported by Saudi Arabia, Iraq and Algeria, and this support could extend to other Arab countries, not excluding Syria," Mr. Kamal said.

At a meeting of the Palestine National Council, the PLO's parliament, in Amman in November, the king proposed a strategy based on UN Security Council Resolution 242, aimed at trading territory for peace in future negotiations with Israel.

The PLO has rejected the resolution because it does not specifically call for establishment of a Palestinian state.

## Egypt Falls Behind in Paying U.S. For Arms

By Judith Miller  
New York Times Service

CAIRO — Egypt has fallen seriously behind in making payments on its \$4.5-billion military debt to the United States and owes between \$250 and \$300 million in interest, financial sources said Monday.

The sources declined to say how many payments, or portions of payments, Egypt had missed. But they said that the pattern of arrears became persistent about the middle of 1984.

Neither Egyptian nor American government officials here would comment on the debt problem. But Egypt's military debt was said to be high on the list of issues that President Hosni Mubarak is scheduled to discuss with President Ronald Reagan and other American officials when he visits Washington early next month.

Egypt was also behind in making interest payments on military debt to France, Britain and Spain, the sources said. Egyptian officials quietly re-scheduled interest payments on the country's military debt to China during a recent visit there, they added.

Both Egyptians and Americans are said to be concerned that Egypt's delay in meeting its debt obligation, if protracted, could damage the country's credit rating and lead to political difficulties with Congress.

"We're definitely heading for a major crunch," said a financial source who follows the debt issue closely.

"Egypt's interest payments on military debt almost equal its economic aid from the United States," he said. "That is clearly untenable for Egypt."

Since 1978, the United States has committed \$4.5 billion to Egypt in military grants which do not have to be repaid, and loans, which are paid back at slightly below market interest rates. As of the end of 1984, \$3.7 billion of the funds were disbursed.

Most of the money the United States has provided has been in the form of loans, not grants. Washington has permitted Egypt to pay only interest, not principal, for the first 10 years of the loans. Hence, payments on principal are not scheduled to begin until 1989.

At the end of the last fiscal year in September, Egypt's debt service on the loans was projected at \$375 million to \$400 million.

The reasons for the delay in full payment are not clear. Egypt has recorded a balance of payments surplus since the 1981-82 fiscal year. A U.S. Embassy report issued in October concluded that although Egypt faced a "number of serious economic problems" there is no impending economic crisis."

But a major source of revenue — money sent home by up to four million Egyptians working abroad — is believed to have peaked. Oil revenues have been hurt by the worldwide decline in oil prices. Suez Canal revenues, another major income producer, were slightly depressed last year by the spate of mining incidents in the Red Sea near the canal, financial sources said.

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From left, Andreas Papandreou, Nikolai A. Tikhonov and Andrei A. Gromyko.

### Papandreou Might Meet With Chernenko

Reuters

MOSCOW — Prime Minister Andreas Papandreou of Greece began a three-day visit to Moscow on Monday and Western diplomatic sources said that it was possible that President Konstantin U. Chernenko might make his first appearance in public for six weeks to meet him.

They said that Kremlin aides had said that Mr. Chernenko would hold talks with Mr. Papandreou, whose visit was expected to consolidate the warm relationship between Greece's Socialist government and Moscow.

Mr. Papandreou, 73, last appeared in public on Dec. 27 and officials have acknowledged that he was in poor health. The meeting with Mr. Papandreou was scheduled for Tuesday afternoon.

[A Greek Embassy spokesman said that it might be early Tuesday before it was clear if a meeting would be held. United Press International reported.]

His endorsement of Moscow's explanation that the South Korean airliner shot down in 1983 by Soviet fighters was a spying mission and his statements critical of U.S. policies have prompted charges that he is anti-American.

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## They Play for Keeps, Both Down and Across In U.S., Crossword Puzzle Fanatics Compete Fiercely in 'Mental Athletics'

By Steven R. Churm  
*Los Angeles Times Service*

LOS ANGELES — It's not likely that Stanley Newman, a short, brainy bond analyst from New York, will ever rank alongside such sports idols as Joe Montana or Steve Garvey. But he was chattering like a champion moments after he had scored a major victory in his own field of play — crossword puzzles.

"It was exhilarating. I was so pumped up as I filled in those last couple of boxes. People had been talking about me as a has-been, so I wanted this — badly," Mr. Newman said Sunday after defeating two challengers in the final round of the Greater Western Crossword Puzzle Tournament here.

Mr. Newman was the winner of the first U.S. Open Crossword Championship in 1980. On Sunday, he finished the complex puzzle in seven and a half minutes, answering correctly all 64 questions almost twice as fast as the other two finalists, a New York statistician and a Northern California corporate strategist.

Mr. Newman talked like a high-priced athlete because he is among the elite of a small but growing collection of U.S. puzzle-solvers, who have come out of kitchens, luncheons, corporate offices and anywhere else "crossword fanatics" closet themselves with pencil and puzzle. They view themselves as "mental athletes," who experience the same rush of emotions while competing as football or baseball players.

"Ask almost anyone here why they came, and they'll probably tell you they wanted to see just how good they really are," said Larry Ash, a professor at the University of California at Los Angeles, one of 50 entrants in the Los Angeles tournament.

"When you've been doing puzzles for 30 or 40 years, and you can solve them in 15 or 20 minutes, you start to feel your oats. You want to test your talent," said Mr. Ash, who like the other entrants paid \$20 to spend two days trying to solve seven puzzles.

"But after two days here, I've been humbled," he said, laughing. To be tough enough for a tournament, Mr. Newman said, a puzzle-solver needs the obvious skills: a strong vocabulary, a penchant for trivia and a broad knowledge of current events.

"As you're filling in the answer," Mr. Newman said, "your eyes must be scanning the next question."

That was evident in Sunday's



The Rev. Jesse L. Jackson

## Curricula in 'Disarray,' College Group Alleges

(Continued from Page 1)

and other areas of the humanities, a lack of science education for non-scientists, fuzzy curriculum requirements and lack of a coherent rationale for degree requirements.

The Project on Redefining the Meaning and Purpose of Baccalaureate Degrees was organized under a committee of 18 prominent educators. Among them were Ernest L. Boyer, president of the Carnegie Foundation; Richard Kuhns, professor of philosophy at Columbia University; and Frederick Rudolph, professor emeritus of history at Williams College, who became the principal author of the report. The project was supported by the Pew Memorial Trust and four other foundations.

The panel analyzed the academic programs of 11 institutions and held several conferences.

The investigators said: "Evidence of decline and devaluation in college curriculums is everywhere."

"The business community complains of difficulty in recruiting literate college graduates," it said.

"Remedial programs, designed to compensate for lack of skill in using the English language, abound in the colleges and in the corporate world. Writing as an undergraduate experience, as an exploration of both communication and style, is widely neglected."

"Foreign language incompetence is now not only a national embarrassment," the report said, "but in a rapidly changing world it threatens to be an embarrassing disadvantage in the conduct of business and diplomacy."

The failure of college curriculums to keep pace with scientific and technological change, it continued, means that "we have become a people unable to comprehend the technology that we invent."

While many colleges require students to take a "general education" program for broad knowledge and thinking skills, it said, these programs are often little more than "distribution requirements," for example, two courses each in the humanities, social sciences and sciences, that reflect political divisions in the faculty.

Similarly, in most colleges the "major" or "concentration" program was described as "little more than a gathering of courses taken in one department." Today's majors, it said, are not so much "experiences in depth" as they are "bureaucratic conveniences."

The association cited numerous causes of "unhappy disarray" in undergraduate curriculums, including an unwillingness of faculty members to uphold academic standards in the face of student demands.

"Today's student populations are less well-prepared, more vocationally oriented and apparently more materialistic than their immediate predecessors," the study declared.

Another factor, it continued, is the academic "value system" that "puts little emphasis on good teaching, counseling of students, and working with secondary schools."

"The report said that most young faculty members entered the classroom having had no formal instruction in how to teach, and they soon learned that 'research, not teaching, pays off.'

The panel said that "the enemy of good teaching is not research, but rather the spirit that says that this is the only worthy or legitimate task for faculty members."

The Associated Press

## U.S. Cabinet Aide Defends Plan to Curb Student Aid

*The Associated Press*

WASHINGTON — Education Secretary William J. Bennett defended Monday the Reagan administration's plan to cut aid to college students and said the move would force some students to give up their stereos, cars and beach

championship, when Mr. Newman and the other two finalists — Ellen Ripstein, 32, a New York life insurance statistician, and Richard Goodale, 34, a Northern California corporate strategist — matched wits for the \$500 first prize.

Mr. Newman finished first, followed by Ms. Ripstein, then Mr. Goodale, each of whom had one mistake. Mr. Newman's puzzle was perfect.

Mr. Jackson's campaign chairman. "I assume Roland has his own constituency since he went outside of the black people in the party."

Mr. Jackson said, "I will not affirm the product of the violation" of the black caucus, he said.

He also accused Mr. Kirk of attempting to "gain in stature at the expense of blacks" by opposing the black caucus nominee. Mr. Hatchet's defeat was viewed by some party leaders as a rebuke for Mr. Jackson.

Mr. Jackson, 43, was speaking in a hospital room here where he is recuperating from pneumonia and a partly collapsed lung.

"There is a scheme to have the party to prove its manhood by unkidding blacks to blacks," he said.

He said he was advising black

Democrats to "reassess their relationship with the party."

"The political growth industry in this nation is in the poor, females, young people, blacks, Hispanics, Asians," Mr. Jackson said.

"To try to read into Reagan's victory white male dominance is wrong," he added.

"One candidate said he would

raise taxes if he won, so

unpopular he couldn't coerce some

Democratic leaders to get on the

stage with him," Mr. Jackson con-

tinued. "Democratic candidates were running for office and saying

'I am not a Mondale Democrat.'

He said many prominent Demo-

crats deserted Mr. Mondale, in-

cluding Senator Albert A. Gore Jr.

of Tennessee, Senator Howell T.

Hellin of Alabama, Senator Carl

Levin of Michigan, Representative

Paul M. Simon of Illinois, and the

former governor of North Caro-

lina, James B. Hunt, who lost his

attempt to capture the Senate seat

of Jesse Helms, a Republican.

Mr. Jackson said the record

black voter turnout — about 10

percent of the national turnout

and higher in several large states — al-

most all went for Democratic can-

didates and "should be seen as a

party asset and not a liability."

While the black vote could not

stop the Reagan landslide, Mr.

Jackson said, "it cut his coattails"

by helping Senators Gore, Heflin

and Levin to win Senate seats and

carrying Democratic candidates

for state office to victory despite

Mr. Reagan's triumph.

Mr. Jackson said black voters are

already becoming independents

and shifting from party politics to

voting rights enforcement and voter

registration.

"Both parties reject power for

minorities," he said. "So we will get

a new lever on power and win with-

out the parties."

He contended that the party's

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## Kim Remains Under House Arrest; Some U.S. Supporters Leave Seoul

By John Burgess  
*Washington Post Service*

SEOUL — Some of the Americans who accompanied the opposition leader Kim Dae Jung home from exile left Seoul on Monday without an apology from the South Korean government over a scuffle with police at Seoul's airport last week.

Their departure came as South Koreans prepared to elect a new National Assembly on Tuesday, following a 20-day campaign in which opposition candidates repeatedly have invoked Mr. Kim's name.

### 250 Reported Abducted From Ethiopian Camp

*United Press International*

GENEVA — The International Committee of the Red Cross reported Monday that armed men kidnapped about 250 people last Tuesday from a relief center in the northern Ethiopian province of Tigray.

Relief activity had to be suspended for that day after "armed elements" stopped the distribution of supplies and took away about 250 men from the camp, a Red Cross statement said. It was not clear, the statement said, whether the intruders were rebels or government forces.

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## Mozambique's Struggle: Now It's for Survival

**Drought, War Push Maputo to Suspend Socialist Crusade and Seek Western Aid**

By Glenn Frankel  
*Washington Post Service*

**M**APUTO, Mozambique — It has been 10 years since the Portuguese colonists who clung to this long, narrow Indian Ocean coastline for five centuries left and revolutionaries who had spent a decade in the bush took power, launching a crusade to create Marxism's "new man" in Africa.

The sign greeting arrivals at Maputo's airport still reads, "Welcome to Mozambique: A Liberated Zone of Humanity." But the search for the "new man" and the socialist ideal he embodied has been suspended, if not scrapped, as Mozambique struggles to survive.

Ten years of war, misguided policies, cruel weather and hostile neighbors have combined to smother dreams and render ideology an unaffordable luxury.

The country is locked in a civil war with the well-equipped and often well-trained rebels of the Mozambique National Resistance, whose lifelines extend abroad. Drought has helped destroy Mozambique's farms, killed 100,000 of its peasants and displaced hundreds of thousands of others.

This once-beautiful seaport capital has become a city of empty shelves, worthless currency and deserted cafes, where people line up for hours for a rationed quantity of life's bare essentials. Even among the intellectuals who once celebrated Mozambique's revolution as the birth of a new age, there is a growing sense of pessimism and disillusion, fueled by the daily grind of shortages, electric power cuts and the search for enough to eat.

Still, although wounded, Mozambique still has life. Its leaders are pursuing the road to pragmatism with the same fervor that once infused their search for the classless society.

In the past year, Mozambique has signed a nonaggression pact with neighboring South Africa, its former implacable foe, promoted "privatization" in its farms and factories; joined the World Bank; submitted its books to the International Monetary Fund, and allowed Western relief agencies to play an increasing role in its emergency aid programs in drought-stricken areas.

In return, Western bankers have rescheduled \$300 million in debt payments, and Western nations, led by the United States, have increased contributions of food and other aid dramatically.

The gamble has yet to pay off. In the past year there has been further deterioration of security and a decline in the economy.

When 200,000 Portuguese colonists fled Mozambique in 1975, they took their money, possessions and expertise. What they could not carry, they destroyed: Industrial equipment was sabotaged; telephones ripped out, tractors driven into the sea, light bulbs smashed. They left behind 12 university graduates in a nation of more than 10 million people.

Faced with this barren inheritance, the leaders of Fretilin, the Front for the Liberation of Mozambique, embarked on a vast project to create a modern industrial

survival. Part of the answer lies with President Samora M. Machel.

Trim, purposeful, charismatic and endlessly optimistic, he in many ways personifies the spirit of Mozambique.

A farmer's son, Mr. Machel led Fretilin in its 10-year bush war, and he then set the country firmly on the socialist road. But he is no ideologue. The opening to the West and the signing of the Nkomati Accord with South Africa were his initiatives. If they fail, the failure will be his.

The result of all these elements is visible in northwestern Tete province, scene of starvation last year. Farmers in the province's northern Angonia area were producing food surpluses even while their neighbors south of the Zambezi river were dying of hunger. But the food went to nearby Malawi because rebels had choked off the roads leading to the south, and also because farmers got better prices and were able to barter for consumer goods there.

Against bread lines and shortages, Western economic ideas are beginning to make an impact inside Mozambique. Americans and Europeans are searching for oil and natural gas off the coast.

How long can Mozambique survive?

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Against bread lines and shortages, Western economic ideas are beginning to make an impact inside Mozambique. Americans and Europeans are searching for oil and natural gas off the coast.

How long can Mozambique survive?

Part of the answer lies with President Samora M. Machel.

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# INTERNATIONAL HERALD TRIBUNE

Published With The New York Times and The Washington Post

## Seoul Challenges Reagan

President Reagan had some stirring words to say about freedom in his State of the Union address last Wednesday, words that went well beyond his familiar commitment, which he repeated, to keep faith with those struggling in Afghanistan and Nicaragua "to defy Soviet-supported aggression." Declared the president: "Freedom is not the sole prerogative of a chosen few; it is the universal right of all God's children . . . Our mission is to nourish and defend freedom and democracy and to communicate these ideals everywhere we can."

At this moment when the Reagan administration is rededicating itself to this goal, it is sobering to see the events that unfolded in South Korea in connection with the return of the opposition politician Kim Dae Jung. Americans have expended much blood and treasure to build freedom and democracy in Korea during the last 30-plus years. Yet what has been on view in Seoul in recent days is a stark picture of a police-run society that uses force and deception to keep an opposition figure from taking up an orderly and peaceful role in the public life of his country.

In addition, Americans accompanying Mr. Kim were, evidently on official orders, physically abused — an action for which their political tactics provided not the slightest justification. The U.S. Embassy, which thought it had worked out foolproof arrangements for a role of its own in the return proceedings, found itself helpless on the outside, duped by

— THE WASHINGTON POST.

## Communists in the Cold

The French Communist Party's denunciation of the Socialists and its abandonment of the union of the left are acts of desperation. The party feared being eaten alive. It understands perfectly clearly that its alliance with the Socialists was its only hope of power. But after three years in a subordinate role in a government run by the Socialists, the Communists dropped out last summer. At its congress last week it went further and denounced the whole concept of the alliance. With that, it consigned itself to a future of perpetual opposition. Inflexible in doctrine and psychology, the party knew no other way to survive.

In the 1970s, the Socialists substantially increased their strength while the Communists remained at one-fifth of the French vote. Then in the 1980s the Communists' following began to decline. The most recent demonstration was the election of the European Parliament last June, in which they got 11 percent of the vote. That apparently was the final blow, the culmination of a long history of disputes and irritations, that led the Communists to give up their four seats in a cabinet dominated by Socialists. They had good reason to think that if they stayed they would shortly be a barely visible appendage to a Socialist Party that, the polls suggest, is going to have a difficult time in next year's elections. The Communists want to de-

— THE WASHINGTON POST.

## Fickle Help to Jamaicans

Even very young Jamaicans can remember the bad old days of 1980. The nation was ripe with violence and at times seemed to be on the verge of complete civil disorder. By comparison, the disturbances last month, after the government raised fuel prices 20 percent, seemed mild, even if seven lives were lost and Kingston was essentially shut down for two days. Unfortunately, much more threatens to shut down. Prime Minister Edward Seaga said last week that daily earnings from tourism had been halved since the disturbances on Jan. 15 and 16. Another round of unrest, he said, and "we can write off the tourist industry."

Now a spokesman says that the prime minister spoke too soon; that losses were not so severe and that a strong recovery is under way. That is a result to cheer for, since only a revival of tourism can ensure a revival of Jamaica.

The events of the last month demonstrate the fragility of the economic recovery that Mr. Seaga is trying to engineer. Tourism, one of the

— THE NEW YORK TIMES.

## Other Opinion

### A Thai-Vietnamese Shoot-Out?

What makes the current [Vietnamese] offensive particularly disturbing is the apparent determination of Hanoi to finally wipe out the three major Khmer rebel groups. A clear indication of this objective is Vietnam's unprecedented use of heavy armor, helicopter gunships and jet fighters, which in previous drives

— The Times Journal (Manila).

### FROM OUR FEB. 12 PAGES, 75 AND 50 YEARS AGO

#### 1910: Surgery for Child Delinquents

NEW YORK — Confirmation that Mrs. William K. Vanderbilt's visits to the Children's Court were to make observations preliminary to establishing a place where juvenile delinquents showing criminal tendencies may be examined came [on Jan. 31] from the Society for the Prevention of Cruelty to Children. An agreement was reached between Mr. John D. Lindsey, president of the society, Judge Daniel of the Children's Court, and Dr. M.G. Schlapp, of the Cornell University Medical School. Part of the society's announcement follows: "The number of cases calling for operations probably will not be large, but, as has often been proved in the Children's Court, a child suffering from swollen thyroid glands, adenoids or other growths has not been mentally responsible for his presence in the court."

#### 1935: Treasury Averted Dollar Crisis

WASHINGTON — Secretary of the Treasury Henry Morgenthau Jr. disclosed [on Feb. 11] that a foreign exchange crisis had been averted within the past month through the use of the two-billion-dollar stabilization fund, but he gave assurance to business that the dollar had been held at the desired level and said the country could proceed about its business with the assurance there would be no fluctuation. He revealed that, for the first time since the fund came into existence about a year ago, it had been used to purchase foreign currency against dollars on January 14, the date that the dollar reached the highest point against gold-backed currencies it has attained since revaluation. Up to that date the fund had been used solely to purchase gold and silver in the world markets.

### INTERNATIONAL HERALD TRIBUNE

JOHN HAY WHITNEY, Chairman 1958-1982

KATHARINE GRAHAM, WILLIAM S. PALEY, ARTHUR OCFS SULZBERGER Co-Chairmen

LEW H. HUEBNER, Publisher

Executive Editor

Deputy Editor

Associate Editor



NYSE Most Actives							
Vol.	High	Low	Last	Chg.			
Unocal	50	48	47	+1/8			
IBM	25720	120	118	-1/8			
AT&T	10000	220	218	-2/8			
Philip Morris	18904	200	198	-2/8			
K-mart	14015	370	367	-2/8			
General Mills	14162	70	68	-2/8			
GMAC	11795	450	448	-2/8			
Rockwell	8249	234	230	-2/8			
General Electric	2012	200	198	-2/8			
Exxon	8272	320	318	-2/8			
Chrysler	7518	340	338	-2/8			

Dow Jones Averages							
Open	High	Low	Last	Chg.			
Indus	1287.39	1291.24	1286.64	1281.16	-1/8		
Trans	638.97	641.81	641.24	639.87	-1/8		
Util.	520.65	520.65	520.65	520.65	-1/8		
Comp.	520.53	520.53	520.53	520.53	-1/8		

NYSE Index							
Prvt. Indus	105.46	105.15	105.39	104.35			
Industrials	121.44	121.21	121.54	121.21			
Trans.	117.04	117.04	117.04	117.04			
Utilities	53.53	53.53	53.53	53.53			
Finance	110.72	110.84	110.61	109.25			

Monday's NYSE Closing							
Prvt. Indus	105.46	105.15	105.39	104.35			
Industrials	121.44	121.21	121.54	121.21			
Trans.	117.04	117.04	117.04	117.04			
Utilities	53.53	53.53	53.53	53.53			
Finance	110.72	110.84	110.61	109.25			

AMEX Diaries							
Class							
Advanced	25		22				
Declined	26		24				
Unchanged	26		27				
Total	77		77				
New Highs							
New Lows							

NASDAQ Index							
Week	High	Low	Close	Avg.	Avg.		
Comp. Indus	220.35	219.92	219.43	217.14	217.14		
Industrials	211.23	211.19	210.79	209.79	209.79		
Finance	131.07	131.07	131.07	131.07	131.07		
Insurance	125.00	124.98	124.98	124.98	124.98		
Banks	122.14	122.14	122.14	122.14	122.14		
Treasur.	120.35	120.35	120.35	120.35	120.35		

AMEX Most Actives							
Vol.	High	Low	Last	Chg.			
Dowmkt	9194	200	198	-1/8			
TIE	3290	10	9.95	-1/8			
Ultima	2124	200	198	-1/8			
Worrell	2124	200	198	-1/8			
Arthrex	1774	150	148	-1/8			
Crypco	1773	476	476	-1/8			
Krypco	1409	116	114	-1/8			

AMEX Stock Index							
Previous	High	Low	Close	TODAY	3 P.M.		
Dow Jones Bond Averages	72.99	72.05	71.81	71.81	71.81		
Dow Jones Bond Averages	72.99	72.05	71.81	71.81	71.81		

## COLLECTOR'S ITEM



ENGLISH CLASSIC: PRESTIGIOUS; EACH A SIGNATURE PIECE

12 Month High Low Stock							
Div.	Yld.	PE	Sls.	High	Low	Close	Chg.
A							
2012	140	48	24	16	15	15	+1/8
2013	140	48	24	16	15	15	+1/8
2014	140	48	24	16	15	15	+1/8
2015	140	48	24	16	15	15	+1/8
2016	140	48	24	16	15	15	+1/8
2017	140	48	24	16	15	15	+1/8
2018	140	48	24	16	15	15	+1/8
2019	140	48	24	16	15	15	+1/8
2020	140	48	24	16	15	15	+1/8
2021	140	48	24	16	15	15	+1/8
2022	140	48	24	16	15	15	+1/8
2023	140	48	24	16	15	15	+1/8
2024	140	48	24	16	15	15	+1/8
2025	140	48	24	16	15	15	+1/8
2026	140	48	24	16	15	15	+1/8
2027	140	48	24	16	15	15	+1/8
2028	140	48	24	16	15	15	+1/8
2029	140	48	24	16	15	15	+1/8
2030	140	48	24	16	15	15	+1/8
2031	140	48	24	16	15	15	+1/8
2032	140	48	24	16	15	15	+1/8
2033	140	48	24	16</			



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TUESDAY, FEBRUARY 12, 1985

## FUTURES AND OPTIONS

### Mocatta's New Instrument: Option on an Option-Option

By H.J. MAIDENBERG  
New York Times Service

THESE are options on futures, options that are settled in cash when they expire, but will options on options be the next wave of financial products to confuse traders and brokers?

Perhaps, according to Terry Mayer, marketing director of Mocatta Corp., the financial-services arm of the big precious-metals trading house. "We have already handled \$1 billion of options on Ginnie Mae options in the past 12 months," he noted, "so perhaps there is also a market for options on all kinds of other financial options."

An option, of course, is a unilateral contract that affords the buyer the right, without any obligation, to buy (call) or sell (put) the underlying commodity or financial instrument at a fixed price within a specified period of time. The option's cost is called the premium.

But why the need for options on Ginnie Mae options, especially when the Chicago Board of Trade will soon be introducing an option on its Ginnie Mae futures?

"Because interest-rate volatility in recent years has played havoc with mortgage lenders, investors and those who package Ginnie Maes," said Melvin R. Mullin, manager of financial-instrument trading at Mocatta. "The same volatility has discouraged many in the industry from using futures for hedging exposure, a situation that is unlikely to change after the introduction of options on Ginnie Mae futures."

The reason, Mr. Mullin said, lies in the peculiar nature of the mortgage-packaging industry. What happens in this business is that mortgage lenders put together packages of mortgages in amounts from \$100,000 and up and exchange them for Government National Mortgage Association certificates. The resulting Ginnie Maes, which are fully backed by the government, are then sold to investors.

The result is that the banks that originate the mortgages need not hold them, although most continue to service, for a fee, the monthly payments made by homeowners. This makes the banks, which traditionally borrow short-term funds from depositors in order to make long-term loans, more willing to make mortgage loans, despite the uncertainty of interest rates.

When the government sells these pools of mortgages to investors through brokers and other financial institutions, the funds received enable it to buy more mortgages from the banks.

"But it often takes months to package mortgages, which may carry various interest rates, at a time when the whole rate structure may be rising or falling," Mr. Mullin noted. "Many mortgage packagers try to avoid this problem by in effect buying put options from financial institutions who offer custom-tailored options in what has become a large informal market created for this purpose."

By buying a put, the packager can protect his mortgages against a drop in their value should interest rates rise. But the premium on these options can be expensive and eat into the slim profit margins of the packager, he continued, "particularly when the risk being insured does not materialize."

This is where Mocatta's "installment option" comes in. It offers packagers and others in the high-stakes mortgage industry an option to buy a Ginnie Mae option on an option "at a fraction

(Continued on Page 13, Col. 5)

## Currency Rates

Late interbank rates on Feb. 11, excluding fees.  
Official fixings for Amsterdam, Brussels, Frankfurt, Milan, Paris, New York rates of 2 P.M.

	D.M.	F.F.	Fr.	DM.	S.F.	Yen
American	1.45	1.075	112.00	1.381	5.49	100.00
Brussels (a)	1.375	72.50	20.00	1.357	5.35	23.445
Frankfurt	1.325	5.75	—	1.275	1.025	85.375
London (b)	1.094	—	3.978	1.025	8.25	9.971
Milan	2.003	2.712	61.42	20.12	2.803	58.573
New York (c)	1.0847	—	2.271	9.99	20.00	54.32
Paris	1.044	10.99	—	1.044	2.70	71.825
Tokyo Closed	2.780	3.857	85.285	22.975	6.139	75.65
Zurich	0.8637	0.616	—	0.7945	1.3807	52.508
1 ECU	0.6444	0.8724	3.1417	0.5724	0.972	5.598
1 SDM	0.6444	0.8724	3.1417	0.5724	0.972	5.598

## Dollar Values

	Per	U.S.	Per	U.S.	Per	U.S.
Euro	1.022	1.022	1.022	1.022	1.022	1.022
Australian \$	1.20	0.861	1.20	0.861	1.20	0.861
Austrian Shillings	22.50	1.821	22.50	1.821	22.50	1.821
Belgian Franc	1.022	0.612	1.022	0.612	1.022	0.612
Canadian Dollar	1.022	0.612	1.022	0.612	1.022	0.612
Danish Krone	1.1647	0.7048	1.1647	0.7048	1.1647	0.7048
Dutch Guilder	0.7048	1.1647	0.7048	1.1647	0.7048	1.1647
French Franc	0.612	1.620	0.612	1.620	0.612	1.620
German Mark	0.7048	1.1647	0.7048	1.1647	0.7048	1.1647
Italian Lira	1.022	0.052	1.022	0.052	1.022	0.052
Swiss Franc	0.612	1.620	0.612	1.620	0.612	1.620
Swedish Krona	1.022	0.052	1.022	0.052	1.022	0.052
Yen	0.052	1.9645	0.052	1.9645	0.052	1.9645

1 Sterling: 1.1622 Irish £  
(a) Commercial franc (b) Amounts needed to buy one pound (c) Amounts needed to buy one dollar (\*)

Units of 1000 (a) Units of 1000 (b) Units of 10000 (c)

NDL: not quoted; N.B.: not available; N.C.: not calculated; N.D.: not determined; N.R.: not reported

Source: Reuters, Banque de Bruxelles (Brussels); Banca Commerciale Italiana (Milan); Chemical Bank (New York); Banque Nationale de Paris (Paris); IMF (SDR); Banque Arabe et Internationale d'Investissement (Algiers, Beirut, Athens); Other data from Reuters and AP.

## Interest Rates

Eurocurrency Deposits Feb. 11

	1 mon.	2 mon.	3 mon.	4 mon.	1 year
1 mon.	5.1%	5.2%	5.3%	5.4%	5.5%
2 mon.	5.2%	5.3%	5.4%	5.5%	5.6%
3 mon.	5.3%	5.4%	5.5%	5.6%	5.7%
4 mon.	5.4%	5.5%	5.6%	5.7%	5.8%
1 year	5.5%	5.6%	5.7%	5.8%	5.9%

Source: Morgan Guaranty (dollar, DM, SF, Pound, FF); Lloyds Bank (ECU); Citibank (SDR).

## Asian Dollar Rates

Feb. 11

	1 mon.	2 mon.	3 mon.	4 mon.	1 year
1 mon.	5.1%	5.2%	5.3%	5.4%	5.5%
2 mon.	5.2%	5.3%	5.4%	5.5%	5.6%
3 mon.	5.3%	5.4%	5.5%	5.6%	5.7%
4 mon.	5.4%	5.5%	5.6%	5.7%	5.8%
1 year	5.5%	5.6%	5.7%	5.8%	5.9%

Source: Reuters.

## Key Money Rates

United States Feb. 11

	Class	Prev.	Britain	Class	Prev.
Discount Rate	5	5	Bank Base Rate	14	14
Federal Funds	6.14	6.16	Call Money	14	14
Prime Rate	10.12	10.14	Overnight Treasury Bills	13	12.90
Broker Lend Rate	9.104	9.106	Smooth Interbank	13%	13%
Commercial Paper, 30-60 days	9.10	9.10	—	—	—
3-month Treasury Bills	9.20	9.20	Discount Rate	5	5
4-month Treasury Bills	9.25	9.25	Call Money	14	14
CDs 30-60 days	9.15	9.17	Call Money	14	14
CDs 6-12 months	9.20	9.20	Call Money	14	14

West Germany

Lombard Rate

Overnight Rate

One Month Interbank

2-month Interbank

3-month Interbank

4-month Interbank

5-month Interbank

6-month Interbank

7-month Interbank

8-month Interbank

9-month Interbank

10-month Interbank

11-month Interbank

12-month Interbank

13-month Interbank

14-month Interbank

15-month Interbank

16-month Interbank

17-month Interbank

18-month Interbank

19-month Interbank

20-month Interbank

21-month Interbank

22-month Interbank

23-month Interbank

24-month Interbank

25-month Interbank

26-month Interbank

27-month Interbank

28-month Interbank

29-month Interbank

30-month Interbank

&lt;p

## U.S. Futures Feb. 11

Season High Open High Low Close Chg.

Season Low Open High Low Close Chg.

WHEAT (CBT)

5,000 bu minimum-dollars per bushel

4.05 2.75% Mar 2.77% 2.77% 2.64% 2.64% -0.02

3.90 2.75% Mar 2.77% 2.77% 2.77% 2.77% +0.01

3.75 2.75% Jul 3.75% 3.75% 3.75% 3.75% +0.00

3.50 2.75% Oct 3.75% 3.75% 3.75% 3.75% +0.00

3.45 2.75% Dec 3.75% 3.75% 3.75% 3.75% +0.00

3.40 2.75% Mar 3.75% 3.75% 3.75% 3.75% +0.00

3.25 2.75% Prev. Sales 7,784

Prev. Day Open Int. 7,781 up 159

Grains

COTTON (COMEX)

5,000 lb minimum-dollars per bushel

3.25 2.65% Mar 2.77% 2.77% 2.77% 2.77% -0.02

3.20 2.65% May 2.77% 2.77% 2.77% 2.77% -0.02

3.21 2.65% Jul 2.77% 2.77% 2.77% 2.77% -0.02

3.21 2.65% Oct 2.77% 2.77% 2.77% 2.77% -0.02

3.21 2.65% Dec 2.77% 2.77% 2.77% 2.77% -0.02

3.21 2.65% Mar 2.77% 2.77% 2.77% 2.77% -0.02

3.20 2.65% Prev. Sales 16,774

Prev. Day Open Int. 16,774 up 777

SOYBEANS (CBT)

5,000 bu minimum-dollars per bushel

7.95 2.67% Mar 5.72 5.85 5.85 5.85 -0.07

7.90 2.67% May 5.72 5.85 5.85 5.85 -0.07

7.85 2.67% Jul 5.72 5.85 5.85 5.85 -0.07

7.80 2.67% Oct 5.72 5.85 5.85 5.85 -0.07

7.75 2.67% Dec 5.72 5.85 5.85 5.85 -0.07

7.70 2.67% Mar 5.72 5.85 5.85 5.85 -0.07

7.65 2.67% Prev. Sales 16,774

Prev. Day Open Int. 16,774 up 777

SOYBEAN MEAL (CBT)

100 lbs-dollars per ton

30.25 2.62% Mar 27.05 27.51 27.51 27.51 -0.54

30.20 2.62% Jul 24.20 24.25 24.25 24.25 -0.33

30.25 2.62% Oct 24.20 24.25 24.25 24.25 -0.33

30.25 2.62% Dec 24.20 24.25 24.25 24.25 -0.33

30.25 2.62% Mar 24.20 24.25 24.25 24.25 -0.33

30.25 2.62% Prev. Sales 71,755 up 29

Prev. Day Open Int. 71,755 up 14

SOYBEAN OIL (CBT)

40,000 lbs-dollars per ton

30.25 2.62% Mar 27.05 27.51 27.51 27.51 -0.54

30.20 2.62% Jul 24.20 24.25 24.25 24.25 -0.33

30.25 2.62% Oct 24.20 24.25 24.25 24.25 -0.33

30.25 2.62% Dec 24.20 24.25 24.25 24.25 -0.33

30.25 2.62% Mar 24.20 24.25 24.25 24.25 -0.33

30.25 2.62% Prev. Sales 71,755 up 29

Prev. Day Open Int. 71,755 up 14

LIVESTOCK

CATTLE (CBT)

44,000 lbs-dollars per ton

7.25 2.62% Feb 6.45 6.72 6.72 6.72 -0.47

7.20 2.62% Apr 6.45 6.72 6.72 6.72 -0.47

7.25 2.62% Jun 6.45 6.72 6.72 6.72 -0.47

7.25 2.62% Aug 6.45 6.72 6.72 6.72 -0.47

7.25 2.62% Oct 6.45 6.72 6.72 6.72 -0.47

7.25 2.62% Dec 6.45 6.72 6.72 6.72 -0.47

7.25 2.62% Mar 6.45 6.72 6.72 6.72 -0.47

7.25 2.62% Prev. Sales 1,223

Prev. Day Open Int. 1,223 up 147

FEEDER CATTLE (CBT)

44,000 lbs-dollars per ton

7.42 2.62% Feb 6.72 7.02 7.02 7.02 -0.25

7.37 2.62% Apr 6.72 7.02 7.02 7.02 -0.25

7.32 2.62% Jun 6.72 7.02 7.02 7.02 -0.25

7.27 2.62% Aug 6.72 7.02 7.02 7.02 -0.25

7.22 2.62% Oct 6.72 7.02 7.02 7.02 -0.25

7.22 2.62% Dec 6.72 7.02 7.02 7.02 -0.25

7.22 2.62% Mar 6.72 7.02 7.02 7.02 -0.25

7.22 2.62% Prev. Sales 1,223

Prev. Day Open Int. 1,223 up 147

Food

COFFEE (C NYCHIC)

22,500 lbs-dollars per ton

12.20 2.62% Feb 14.00 14.25 14.25 14.25 -0.71

12.20 2.62% Mar 14.00 14.25 14.25 14.25 -0.71

12.20 2.62% Apr 14.00 14.25 14.25 14.25 -0.71

12.20 2.62% May 14.00 14.25 14.25 14.25 -0.71

12.20 2.62% Jun 14.00 14.25 14.25 14.25 -0.71

12.20 2.62% Jul 14.00 14.25 14.25 14.25 -0.71

12.20 2.62% Aug 14.00 14.25 14.25 14.25 -0.71

12.20 2.62% Sep 14.00 14.25 14.25 14.25 -0.71

12.20 2.62% Oct 14.00 14.25 14.25 14.25 -0.71

12.20 2.62% Nov 14.00 14.25 14.25 14.25 -0.71

12.20 2.62% Dec 14.00 14.25 14.25 14.25 -0.71

12.20 2.62% Mar 14.00 14.25 14.25 14.25 -0.71

12.20 2.62% Prev. Sales 22,444

Prev. Day Open Int. 22,444 up 418

SUGARWORLD I (NYCSCB)

10,000 lbs-dollars per ton

2,500 2.62% Feb 2,500 2,500 2,500 2,500 -0.50

2,500 2.62% Mar 2,500 2,500 2,500 2,500 -0.50

2,500 2.62% Apr 2,500 2,500 2,500 2,500 -0.50

2,500 2.62% May 2,500 2,500 2,500 2,500 -0.50

2,500 2.62% Jun 2,500 2,500 2,500 2,500 -0.50

2,500 2.62% Jul 2,500 2,500 2,500 2,500 -0.50

2,500 2.62% Aug 2,500 2,500 2,500 2,500 -0.50

2,500 2.62% Sep 2,500 2,500 2,500 2,500 -0.50

2,500 2.62% Oct 2,500 2,500 2,500 2,500 -0.50

2,500 2.62% Nov 2,500 2,500 2,500 2,500 -0.50

2,500 2.62% Dec 2,500 2,500 2,500 2,500 -0.50

2,500 2.62% Mar 2,500 2,500 2,500 2,500 -0.50

2,500 2.62% Prev. Sales 2,500

Prev. Day Open Int. 2,500

SINGAPORE RUBBER

Singapore cents per kg

1.25 2.62% Feb 1.25 1.25 1.25 1.25 -0.00

1.25 2.62% Mar 1.25 1.25 1.25 1.25 -0.00

1.25 2.62% Apr 1.25 1.25 1.25 1.25 -0.00

1.25 2.62% May 1.25 1.25 1.25 1.25 -0.00

1.25 2.62% Jun 1.25 1.25 1.25 1.25 -0.00

1.25 2.62% Jul 1.25 1.25 1.25 1.25 -0.00

1.25 2.62% Aug 1.25 1.25 1.25 1.25 -0.00

1.25 2.62% Sep 1.25 1.25 1.25 1.25 -0.00

1.25 2.62% Oct 1.25 1.25 1.25 1.25 -0.00

1.25 2.62% Nov 1.25 1.25 1.25 1.25 -0.00

1.25 2.62% Dec 1.25 1.25 1.25 1.25 -0.00

1.25 2.62% Mar 1.25 1.25 1.25 1.25 -0.00

1.25 2.62% Prev. Sales 1.25

Prev. Day Open Int. 1.25

KUALA LUMPUR PALM OIL

Motorkraft cents per kg

1.10 2.62% Feb 1.10 1.10 1.10 1.10 -0.00

1.10 2.62% Mar 1.10 1.10 1.10 1.10 -0.00

1.10 2.62% Apr 1.10 1.10 1.10 1.10 -0.00

1.10 2.62% May 1.10 1.10 1.10 1.10 -0.00

1.10 2.62% Jun 1.10 1.10 1.10 1.10 -0.00

1.10 2.62% Jul 1.10 1.10 1.10 1.10 -0.00

1.10 2.62% Aug 1.10 1.10 1.10 1.10 -0.00

## BUSINESS ROUNDUP

## Dalgety Reports Profit Rose 6% in First Half

Reuters

LONDON — Dalgety PLC, reporting first-half pretax profit up 6 percent, said Monday that despite political and economic uncertainties, particularly with the European Community agricultural policy, it remained confident of a good year in fiscal 1985, which ends June 30.

The agriculture and lumber company said its earnings in the six months through Dec. 31 rose to £33.2 million (\$33 million), compared with £31.3 million in the corresponding half of the previous year, on sales of £2.03 billion, up 16 percent from the £1.75 billion in sales a year earlier.

The company reported trading profit of £6.9 million, up from £4.8 million a year earlier, including £4.9 million in Britain, against £2.4 million the previous year, and £10.1 million in Australia, almost

double from £5.6 million a year earlier.

The United States contributed £9.2 million, compared with £6.8 million, and Canada £3.7 million, down slightly from the year-earlier's £4.2 million.

New Zealand, which in the first half of the previous year accounted for £4.2 million, contributed nothing in the latest period after the sale of local interests, Dalgety said.

Stock-exchange dealers, saying the results were in line with market expectations, reported that Dalgety shares were trading late Monday at £45.8 pence, down 5 pence from late Friday.

Dalgety said that during the first half in Britain the milling division did well because of a recent investment program and favorable wheat prices.

The agriculture division matched last year's result and profits have begun moving upward again, Dalgety said.

The malt division operated in a depressed market with low margins, it said. Grocery products experienced increased demand, supported by brand and product development, the company said.

Dalgety said exports of technical products benefited from the strong U.S. dollar.

U.S. subsidiaries, such as Modern Maid Food Products Inc., Martin Brower Co., and Pig Improvement Co., also produced a profit for AT&T, Mr. Smart said.

Canadian lumber profits were adversely affected by static U.S. demand, while the strong Canadian dollar hampered exports to Europe, Dalgety said.

It said lumber markets showed some improvement toward the end of December with lower U.S. timber rates.

Dalgety's Canadian subsidiaries include Balfour Forest Products Ltd.

In Australia, Dalgety Farmers Ltd. was helped by favorable weather, while the benefits of recent rationalization measures continued to be felt, the company said.

## AT&amp;T to Offer Discount Plan on Long-Distance

Reuters

WASHINGTON — American Telephone & Telegraph Co. said Monday that it planned to offer a 15-percent discount on interstate long-distance calls for frequent callers in return for a \$25 monthly fee.

AT&T said the new plan, to be called AT&T Pro America, would prove especially attractive to customers with long-distance bills of \$167 a month or more.

An AT&T vice president, John Smart, said at a news conference that the new discount was aimed at what are estimated to be 1 million business customers using long distance 15 to 50 hours a month. The 15 percent discount would apply regardless of time of day or day of the week and would be in addition to normal discounts for evening, nighttime and weekend calls.

AT&T plans to file with the Federal Communications Commission for approval to begin the plan March 29. The increased usage of long-distance calls stimulated by the discount will make the plan profitable for AT&T, Mr. Smart said.

Brian Knox, a specialist in Scan-

## COMPANY NOTES

L'Oréal SA said consolidated group net for 1984 should rise about 10 percent from 1983's \$66.30 million francs (\$66.8 million), on consolidated sales up 16.9 percent to 15.8 billion francs. Profits were affected by the group's heavy spending on developing new cosmetics markets, on restructuring its biomedical activities and on pharmaceutical research, it said.

Komatsu Ltd., the Japanese manufacturer of earth-moving and industrial equipment, announced it

## AGA's Pretax Earnings Increased 23% in 1984

By Juris Kaza  
International Herald Tribune

STOCKHOLM — AGA's 1984 earnings before taxes rose 23 percent to 720 million kronor (\$78.36 million) from 585 million kronor in 1983, the Swedish industrial and gas-refrigeration group reported Monday.

In preliminary annual report, AGA said that it had obtained permission from Sweden's Bank Inspection Board to increase its 1984 dividend to 11 kronor, from 10 kronor in 1983. There is a temporary freeze on corporate dividends.

Sales last year, AGA reported, rose 5.7 percent to 5.63 billion kronor from 5.323 billion kronor in 1983.

Sales of the largest division, industrial gases, rose 18 percent to 4.29 billion kronor from 3.59 billion kronor in 1983. Operating earnings of the division increased 17 percent to 680 million kronor from 582 million kronor.

Earnings per share of the AGA group were 33.50 kronor, up from 30 kronor in 1983.

Prige Scania, AGA's refrigeration subsidiary, reported operating earnings up 30 percent to 131 million kronor from 101 million kronor in 1983. Sales were up 17 percent to 1.407 billion kronor from 1.204 billion kronor.

Brian Knox, a specialist in Scan-

davian shares at the London brokerage Grieveson Grant & Co., called AGA's 1984 results "a satisfactory performance."

While the company did not make any 1985 forecasts in its preliminary report, Mr. Knox said he was expecting earnings per share to rise to between 37.50 kronor and 38.50 kronor.

AGA's preliminary earnings were somewhat higher than the 665 million kronor forecast in a newsletter last October by Richard Häggdö Fondkommission, a major Stockholm brokerage.

Mr. Knox said he was reserving judgment on AGA until a more detailed annual report is presented in late March.

"That's where you will see how they did on foreign exchange gains and losses," he said. "For a company like them, that's where the traps are."

AGA has industrial-gas operations in 22 countries. According to 1983 figures, 80 percent of its sales were outside Sweden.

AGA's preliminary 1984 report also said management was proposing a 1-for-1 stock split and a 1-for-2 stock dividend that would essentially result in three new shares for each old AGA share.

The nominal value of the shares would be reduced to 25 kronor from 50 kronor, AGA said.

## Proposal to Acquire Conrail May Give Norfolk Dominance in the Northeast

By Agis Salpukas  
New York Times Service

NEW YORK — For years, Robert Clayton, the chairman and chief executive of Norfolk Southern Corp., has been seeking ways to keep pace with his major rival, CSX Corp.

Now, with the announcement last Friday that Norfolk Southern has been selected by the secretary of transportation, Elizabeth Hardford Doile, as the successful bidder for Conrail, Mr. Clayton has an opportunity not only to keep pace but also to move ahead of CSX.

Mr. Clayton has long watched his rival gain ground on him. After the expense of its rival.

If Mr. Clayton and his staff can get congressional approval of the takeover of Conrail, it will be CSX that may have to play catch-up.

"One reason we want Conrail is that we want to be able to compete with CSX in the Northeast," Mr. Clayton said. "We can't now because our lines do not get into the Northeast. They don't go past Buffalo and Pittsburgh."

Respondents said they expected weak demand, labor costs and competitive pricing to restrain growth in the first quarter of 1985 after strong increases in sales and profits in the fourth quarter of 1984. The proportion expecting to increase capital spending in 1985 declined slightly but investment intentions were still well above the low of 1982-83, the survey said.

merger of Seaboard Coast Line with Chessie System in November 1980, the larger CSX system began to eat deeply into some of Norfolk's freight business. The merger gave the new railroad better access to new markets and enabled it to operate faster and more direct trains.

Even after Mr. Clayton brought about the merger of Norfolk & Western Railway and Southern Railway in the summer of 1982, creating a system of 18,000 miles of track and 38,000 employees, CSX with 27,000 miles and 53,000 workers was still able to gain traffic at the expense of its rival.

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and profits in the fourth quarter of

1984. The proportion expecting to

increase capital spending in 1985

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intentions were still well above the

low of 1982-83, the survey said.

STOCK	BID	ASK
DeVol-Holben	5	6
International bv	234	314
City-Clock	234	314
International nv	234	314
Quotes as of: Feb. 11, 1985		

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## China Approves Arab Bank Unit

The Associated Press

BEIJING — The Arab Bank Ltd., Jordan's largest commercial bank, has received permission to open a branch in one of China's coastal economic zones, the China Daily reported Monday.

Arab Bank is one of six foreign banks expected to be allowed to open branches in the special trading zones this year, the report said. It did not name the others. Abdulla Shoman, the chairman of Arab Bank, will visit China later this year to conclude arrangements, the English-language newspaper said.

Forty of the world's 50 largest banks have representative offices in China. Only four foreign banks operate branches — all in Shanghai. The newspaper said that the People's Bank of China, the nation's central bank, has authorized the establishment of 123 representative financial offices in China, including 69 banks and 10 insurance companies. They represent 18 countries.

## Procter &amp; Gamble: A Giant Wakes

(Continued from Page 9)

report its first annual earnings decline in more than 30 years.

Moreover, not all the new products have started out as rousing successes. "Encapri is a total bomb," said Mr. Segalas of Drexel Burnham. "It was yesterday's technology to begin with. In some ways it violates P&G's own standards by not having a major point of differentiation from other products."

## Company Earnings

Revenue and profits, in millions, are in local currencies unless otherwise indicated

Britain		Eastman Kodak		Per Share	
4th Quat.	1984	1984	1984	1984	1984
Revenue	1,212	1,212	1,212	1,212	1,212
Net Profit	213	213	213	213	213
Per Share	0.261	0.261	0.261	0.261	0.261
Canada		Ryder Systems		Per Share	
4th Quat.	1984	1984	1984	1984	1984
Revenue	1,152	1,152	1,152	1,152	1,152
Net Profit	211	211	211	211	211
Per Share	0.211	0.211	0.211	0.211	0.211
U.S.		FMC		Per Share	
4th Quat.	1984	1984	1984	1984	1984
Revenue	1,212	1,212	1,212	1,212	1,212
Net Profit	211	211	211	211	211
Per Share	0.211	0.211	0.211	0.211	0.211
Canada		Gruening (W.W.)		Per Share	
4th Quat.	1984	1984	1984	1984	1984
Revenue	2,121	2,121	2,121	2,121	2,121
Net Profit	211	211	211	211	211
Per Share	0.211	0.211	0.211	0.211	0.211
U.S.		Southern Co.		Per Share	
4th Quat.	1984	1984	1984	1984	1984
Revenue	1,152	1,152	1,152	1,152	1,152
Net Profit	211	211	211	211	211
Per Share	0.211	0.211	0.211	0.211	0.211
U.S.		Kerr-McGee		Per Share	
4th Quat.	1984				



## Japanese Banks and Securities Firms Are Locked in Battle

By Susan Chira  
New York Times Service

TOKYO — Japanese banks and securities houses, with deregulation toppling the barriers that once stood between them, are locked in a battle for turf.

One of their fiercest fights involves investment management, a fast-growing business that seeks as its eventual prize the faster-growing pool of Japanese pension funds. Securities houses have already established several such firms, and Japanese banks are trying to get permission to do so.

Meanwhile, foreign firms are close behind. Last month, Merrill Lynch & Co. became the first foreign brokerage to establish a separate investment-advisory subsidiary and Jardine Fleming Securities Ltd. signed a joint-venture agreement to operate such a firm with Yasuda Trust, a Japanese trust bank.

The new foreign firms join 13 other investment-management arms of Japan's major securities companies — and hundreds of other, smaller and often less scrupulous agencies that have sprung up to satisfy an increasingly interest-conscious clientele.

The Japanese were once content to deposit their savings in low-interest deposits that, in turn, fi-

nanced Japan's industrial growth, but now they are seeking higher returns. One measure of their new concern for returns was an autumn scandal here, in which as many as 20,000 investors lost about \$125 million by placing their money with a small investors service called the Tojishoju.

Japanese banks are eager to tap this enthusiasm. Now barred from establishing investment-management firms by an informal ruling of the Finance Ministry, they are lobbying for change. A government committee is studying the issue, and indications are that the ministry will relent.

Dai-Ichi Kangyo Bank and Sumitomo Bank are two but of the large city banks that are looking into the investment-management business. Some banks are sending employees abroad to gain expertise in a new field here, that of sophisticated assets management.

Behind the jockeying is broad economic and demographic changes — the aging of Japanese society, the slowing of industrial growth and the increase in private wealth, according to Shigeo Genjida, director of the securities companies division of the Finance Ministry.

Perhaps the most important is the increase in elderly population,

which has created a pension fund of more than \$50 billion, expected to exceed \$100 billion by the 1990s. Bankers and brokers alike name pensions as the driving force behind their expansion into the investment-advisory business.

Pension management is now limited to a small number of trust banks, which are separate from Japan's large city banks. In the spring, however, eight foreign banks will be allowed to enter the Japanese trust-banking business, even though most Japanese banks and brokers cannot. In the last two months, several major foreign banks, including Manufacturers Hanover Trust, have discussed trust banking joint ventures with Japanese banks.

Pressure is therefore building open the door to brokers and non-trust bankers. The current investment-management firms are, in essence, training a new breed of financial managers to be ready when that time comes.

The field is relatively new in Japan — the first securities company to establish an investment firm, Daiwa Securities, did so 13 years ago. And because Japanese clients have generally preferred conservative investments, for example in government securities, money managers have not generally been

exposed to the range of sophisticated investment strategies used in the United States.

"Few people understand the relationship between high risk and high returns," said an economist for one large city bank who asked to remain unidentified. "Most people think — no risk, high returns."

That attitude complicates the entry of bankers into the field because banks here have billed themselves as trustworthy guardians of people's money, he said, and a loss for a client could shatter that relationship.

But banks are persevering, nonetheless. Yutaka Norisige, deputy general manager of the Dai-Ichi Kangyo Bank's Treasury and Securities division, said the bank was considering several ways to enter the investment-management business.

"We are Japan's biggest institutional investor, with 100 years' experience," he said. "But we don't have experience managing our customers' assets, so we're trying to set up that system in another area." The bank is planning to buy out Bank of America's share in a joint venture called Tokyo Investment Service as one possible vehicle.

And securities firms, allowed to set up investment-management firms, are also trying to take a share of the pension-fund business. Mer-

ill Lynch formed its new subsidiary, in part, to let the Japanese government know that Wall Street investment banking firms should not be precluded from this potentially lucrative business," said Tetsudo Iwakuni, chairman of Merrill Lynch Capital Markets in Japan.

Barred at present from pension funds, however, investment-management firms are going after the assets created by other changes in the idle funds of corporations and the investment pool of rich individuals.

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## U. S.-Chinese Trade Grew To \$6 Billion-Plus in '84

United Press International

BEIJING — Trade between China and the United States grew 37 percent last year to exceed \$6 billion for the first time, U. S. officials said Monday.

China has said that it had a \$1.5-billion trade deficit with the United States in 1984, but U. S. figures showed the balance in Beijing's favor by \$60.5 million.

A U. S. embassy statement called 1984 a "banner year" for U. S.-Chinese trade, unlike 1983, when a textile dispute resulted in a Chinese embargo on U. S. wheat, cotton and synthetic fibers.

"Bilateral trade rose from a dismal four-year low [of \$4.4 billion] in 1983 to ... nearly \$6.1 billion in 1984," the embassy statement said. "U. S. exports during December were at their highest level since December of 1980, and two-way trade reached \$613 million during December 1984, the first time U. S.-China trade has topped the \$600-million mark in a single month."

The embassy said the United States exported \$3.004 billion in goods to China last year and imported \$3.064 billion worth of Chinese goods. A diplomat described China's claim of a deficit as "a game they're playing" in an attempt to win trade concessions.

The Chinese statistics omitted major trade categories and included freight and insurance costs for imports from the United States but not for exports.

The U. S. figures showed a continued shift in the composition of U. S. exports, with agricultural products losing their dominance.

"Unlike 1980-82, when sales of agricultural goods accounted for over 50 percent of U. S. exports to China, 80 percent of U. S. exports in 1984 were non-agricultural goods," the embassy said. "As a result, U. S. export performance in 1984 became much more broadly based than it had ever been before."

Petroleum products valued at \$374 million remained the single largest category of Chinese exports to the United States, followed by crude petroleum valued at \$234.7 million.

## Mocatta's New Option

(Continued from Page 9)  
of the premium usually charged for an option," Mr. Mullin noted.

For example, suppose a bank is in the process of originating mortgages that it has committed to pool into Ginnie Mae securities in three months. The bank believes interest rates will fall in that time and does not want to sell the package forward in the cash market. But, given the volatility of interest rates, the bank would like some insurance in the form of a stand-by or put option.

Assume further, Mr. Mullin went on, that Ginnie Mae are trading at 95 points, or cents on the dollar, and the premium on a three-month 94 option in the money market is 1 1/4 points. In this case, insurance against the price of the Ginnie Mae falling below 94 really means taking a loss down to 92 1/4 (94 minus the 1 1/4 premium).

This could be costly insurance if interest rates did not fall within the three-month life of the option. What Mocatta's 45-day option is in effect the same commitment — insurance against a price decline below 94 — but for a premium of perhaps three-quarters of a point.

## Monday's AMEX Closing

Vol. of 3 P.M. 1,870,000  
Prev. 2 P.M. vol. 1,289,000  
Prev. consolidated close 15,590,000

Tables include the nationwide prices up to the Closings on Wall Street

12 Month High Low Stock Div. Yld. PE Sis. 100 High Low Close Quat. Chrs.

A

7/4 28 ADI n 21 94 526 526 526 526 + 16

15/4 28 ADI w 21 94 526 526 526 526 + 16

15/4 28 ALB n 12 12 526 526 526 526 + 16

15/4 28 AMI n 12 12 526 526 526 526 + 16

15/4 28 ATTFD n 526 72 72 526 526 526 + 16

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15/4 28 PH Action 29 29 526 526 526 526 + 16

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## SPORTS

## Sampson Leads NBA Western All-Stars to Victory



Ralph Sampson: 24 points, 10 rebounds and a full day's work.

Compiled by Our Staff From Dispatchers  
INDIANAPOLIS — Julius Erving electrified the crowd with a cradle dunk. Earvin (Magic) Johnson made a seemingly impossible pass and George Gervin hit a 15-foot jumper from the hip.

There were 21 other players looking for playing time and making moves usually reserved for the playgrounds, moves some coaches might frown on in a game that counted. And in the end, the Western Conference beat the East, 140-129, in the National Basketball Association's 35th annual all-star game here Sunday.

It was the West's first victory after five consecutive losses, and it came before the largest NBA crowd ever, 43,146, at the Hoosier Dome. Ralph Sampson, Houston's 7-foot-4 (2.23-meter) center, was crowned the star of stars: He scored 24 points, had 10 rebounds and was named the game's most valuable player.

"It was playground game, a fun game and I enjoyed playing in it," said Sampson, who hit 10 of his 15 shots from the field. "What I enjoyed most was playing with Magic. He has great court awareness."

Sampson, who started at power forward and played center for a while, received 47 votes from the press. Johnson, who had 15 assists and 21 points, received 38 votes.

The previous high attendance for any NBA event was 41,163 Feb. 4, 1969, for a regular-season double-header at the Houston Astrodome. The previous all-time high for an all-star game was 31,745 in 1979 at the Silverdome in Pontiac, Michigan.

The East started well, outrunning the West in the first six minutes while taking a six-point lead. But the East shot poorly after that, finishing with a percentage of .408 after making only 49 of 120 field-goal attempts. The West hit 56 of 96 shots for a .583 percentage.

The West never trailed after taking a 34-33 lead late in the first quarter, although the East managed five ties thereafter. The final deadlock was 70-70, but Larry Nance of the Phoenix Suns started a 24-13 streak with two straight baskets.

Sampson completed the run with a lay-up for a 94-83 lead with 2:20 left in the third period. The closest the East came after that was 97-93 in the first minute of the final quarter, but Sampson scored the next two baskets and the East never seriously threatened again.

Pat Riley of the Los Angeles Lakers, who gained his first victory in three attempts as the West coach, said: "I think we had the game pretty much under control in the last quarter. Ralph took care of that with his three or four dunks, but I guess any time a coach doesn't have Isiah or Bird available, you have to say it hurt."

"I know one thing," Riley added. "K.C. was coaching more than I was down the stretch. He was making changes, looking for quickness."

Jones said: "The game was one of those situations where you can do a halfway job on Kareem Abdul-Jabbar, and that's a maybe. You can do a halfway job on Magic, and that's another maybe. But when you get a Ralph Sampson playing the way he did and a hot shooting George Gervin, that's a bit too much to contend with."

Gervin, the San Antonio guard, missed only twice in 12 attempts from the field and had 23 points. But the victory belonged primarily to Sampson.

"He did a full day's work," said Jones. "He came down on the fast break and hit the boards."

In the dressing room after the game, Thomas, waiting for the trainer to remove his bandage, said: "K.C. sat down. I wanted to play, but the way it feels now, he made the right decision. I'm glad he cared enough about me. I could have hurt it more."

"(N.Y.T., AP)

There was another injury, minor perhaps, but it hurt the East's cause at a crucial point. With about 8 minutes remaining in the game and the East trying to mount a comeback, Larry Bird of the Boston Celtics fouled Adrian Dantley of the Utah Jazz. As he fell to the floor, Dantley hit Bird across the bridge of the nose. His nose bleeding profusely, Bird was taken out of the game. He returned with 4:35 left and the West went ahead, 124-118. Bird did not score again.

Did the injuries hurt the East's chances?

"I think Isiah being hurt had a tremendous effect on the game," said Bernard King, the New York Knick forward, who scored 13 points. "I noticed he was very tentative and he wasn't putting his full weight on his thighs, particularly in the fourth quarter."

Pat Riley of the Los Angeles Lakers, who gained his first victory in three attempts as the West coach, said: "I think we had the game pretty much under control in the last quarter. Ralph took care of that with his three or four dunks, but I guess any time a coach doesn't have Isiah or Bird available, you have to say it hurt."

"I know one thing," Riley added. "K.C. was coaching more than I was down the stretch. He was making changes, looking for quickness."

Jones said: "The game was one of those situations where you can do a halfway job on Kareem Abdul-Jabbar, and that's a maybe. You can do a halfway job on Magic, and that's another maybe. But when you get a Ralph Sampson playing the way he did and a hot shooting George Gervin, that's a bit too much to contend with."

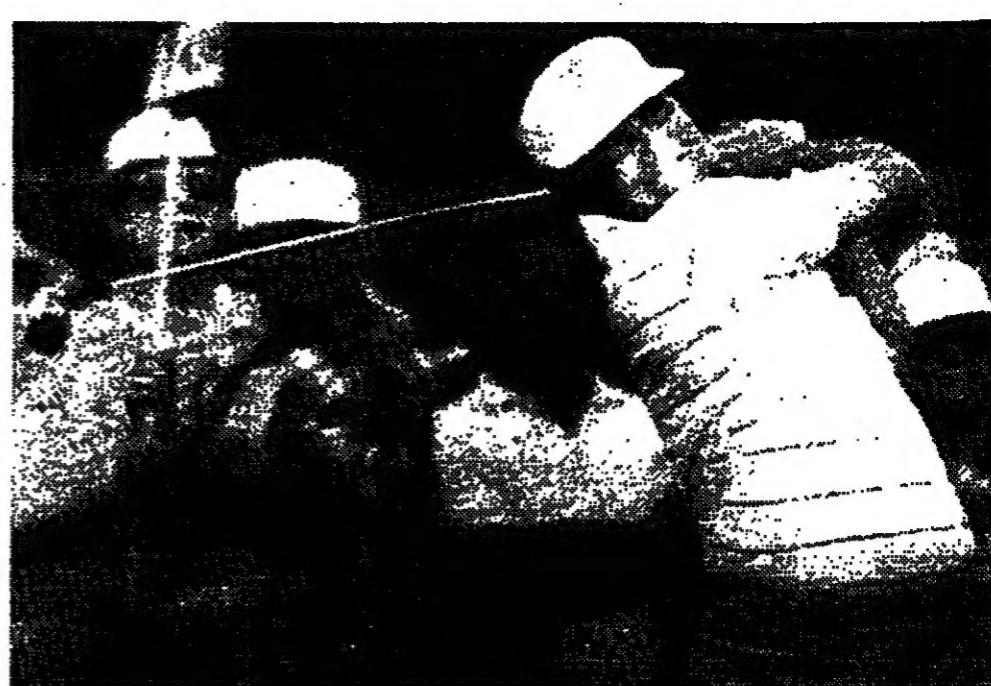
Gervin, the San Antonio guard, missed only twice in 12 attempts from the field and had 23 points. But the victory belonged primarily to Sampson.

"He did a full day's work," said Jones. "He came down on the fast break and hit the boards."

In the dressing room after the game, Thomas, waiting for the

trainer to remove his bandage, said: "K.C. sat down. I wanted to play, but the way it feels now, he made the right decision. I'm glad he cared enough about me. I could have hurt it more."

"(N.Y.T., AP)



Mark O'Meara: 'I was determined not to let this tournament get away from me.'

## O'Meara Wins 2d Straight PGA Event

Compiled by Our Staff From Dispatchers

HONOLULU — Mark O'Meara won his second consecutive Professional Golfers Association tour victory Sunday, a one-shot triumph in the Hawaiian Open, when his decisive pressure putt on the 17th hole put an end to Craig Stadler's comeback bid.

"I made a late rush — a little too late," Stadler said after his closing 64 briefly tied O'Meara. Stadler birdied the 18th hole at Waialae Country Club to draw even at 20 under par, but O'Meara soon responded with his winning 30-foot birdie putt.

"I knew Craig was coming at me but made a gallant bid, starting his final round eagle-birdie-birdie and finishing birdie-birdie-birdie. His 20-under 268 total made him the runner-up for the second time this season."

As Stadler was playing the 18th, O'Meara, on the par-19 119-yard No. 17, had been giving every indication of crumbling. He had opened the door to Stadler's bid by

hitting a 30-foot birdie putt on the 15th and eight feet on the 16th. But after Stadler's round-closing birdie, O'Meara ran in his long putt on the 17th and had the lead for good. He played the 18th in routine par.

With O'Meara hoisting a four-

shot lead at the start of play, only

Stadler was able to mount a chal-

lenge. Ed Fiori, with a par-72, and

Larry Mize (a closing 69) shared

third at 272, five shots off the lead.

Buddy Gardner was next at

722-273. At 274 were Andy North (a

68), Dan Pohl (67) and Jim Simons

(72).

O'Meara, 28, is a former national

amateur champion and was the

PGA tour's rookie of the year in

1981. The following season he hit a

slump, but last year won his first

pro title, was second five times, had

15 finishes in the top 10 and was

second only to Tom Watson on the

earnings list with \$465,873.

"There's always a little bit of

luck involved," he said. "Last year,

some of those seconds could have

been wins. This year, the luck is on

my side."

(AP, UPI)

## Leafs Post a Rare Home-Ice Triumph

The Associated Press

MAPLE LEAFS — The Toronto Maple Leafs solved one of the biggest mysteries of their season Sunday night when they stunned the Montreal Canadiens with a 3-2 National Hockey League overtime victory.

The victory wasn't that surprising since the Leafs had beaten Montreal 6-4 on Nov. 19 and 6-2 Saturday night, but it happened on the ice that has been a burial ground this season for the Norris Division club.

Neither the players nor Coach Dan Maloney have been able to explain the Leafs' abysmal performance on home ice. The team was 0-10-4 in its last 10 games at Maple Leaf Gardens and only its sixth in 28 outings this season.

"We had to get something going, we had to turn it around," said captain Rick Vaive, whose second

goal of the game came 3:38 into overtime. "We were on a three-game losing streak coming into this series" — home-and-home dates against Montreal — "and I can't think of any bigger lift for us."

Elsewhere it was Vancouver 5,

goal of the game came 3:38 into overtime. "We were on a three-game losing streak coming into this series" — home-and-home dates against Montreal — "and I can't think of any bigger lift for us."

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## Hockey

## National Hockey League Standings

WALES CONFERENCE		PATRICK CONFERENCE		ADAMS DIVISION		CAMPBELL CONFERENCE		SUNDAY'S RESULTS			
W	L	T	P	W	L	T	P	W	L	T	P
27	19	10	68	205	143	1	3	2	1	2	3
25	22	3	67	222	199	2	1	2	1	2	3
25	22	3	67	223	199	2	1	2	1	2	3
17	30	6	41	180	211	2	1	2	1	2	3
27	12	6	46	192	187	2	1	2	1	2	3
27	19	10	64	214	197	2	1	2	1	2	3
26	22	3	65	222	199	2	1	2	1	2	3
25	22	3	65	223	199	2	1	2	1	2	3
17	30	6	41	180	211	2	1	2	1	2	3
27	12	6	46	192	187	2	1	2	1	2	3
27	19	10	64	214	197	2	1	2	1	2	3
26	22	3	65	2							

## ART BUCHWALD

## Flushing Out an Overrun

WASHINGTON — It's amazing, but all the cost overrun scandals at the Pentagon have to do with small items, and not big ones. First it was the \$400 hammer, then the \$7,900 coffeeemaker, followed by the \$16,400 refrigerator — and last week, the \$640 flying toilet seat.

That's what Lockheed Aircraft charged the U.S. Navy for each one it installed in its P3 Orion submarine-hunting airplane. The press instantly dubbed it "Toiletgate," and the revelation couldn't have come at a worse time. When the seat was displayed by Senator William V. Roth Jr. of Delaware, all hell broke loose in the Defense Department. Cap Weinberger was having enough trouble defending his budget on The Hill, and he was in no mood to justify the cost of plumbing fixtures on a Navy aircraft.

Two minutes after the list price for the seat surfaced, "general quarters" was sounded at the Pentagon, and everyone grabbed a phone.

Weinberger called the secretary of the navy, who called the chief of naval operations, who called the admiral in charge of aircraft procurement, who called the captain who heads the P3 submarine-hunter program, who called Lockheed Aircraft for an explanation.

"What the hell are you guys doing, charging us \$640 for a toilet seat?" he yelled into the phone.

"We made a slight mistake," the Lockheed commander chief said. "We should have only billed you \$554 for each one. We'll send you a rebate in the morning."

"Do you know what's going on here in Washington? You've jeopardized the entire \$313-billion defense budget. You guys must be crazy."

"Now wait a minute. That seat is made of fiberglass and plastic and will withstand any combat situation that the P3 hunter is bound to

encounter. We tested it in two crash landings and it didn't have a crack in it."

"That's not the point. If you overcharge us for a BiNuptial cruise digitator no one is going to question it. If you buy a few thousand bucks in the Gaffney flick switch, or a Dalmatian synthesizer, Congress will never find it. And if you want to up the price on a Flange Diptongh Upsurge, we'll look the other way. But the American taxpayer knows what toilet covers cost. Besides, the reason this whole thing broke is a small contractor claims he could make the same seat for \$200."

"They all say that until they try to build one, it's not just the seat but the research and development that went into it. We had to build a special simulator to make sure it would hold up at 40,000 feet."

"Why didn't you add those costs on to the Septum Birth certificate? We could have absorbed them there."

"Because \$640 is peanuts in a multimillion-dollar airplane. Suppose we reduce the price to \$500? We'll eat the difference."

"It's too late. The Navy is thinking of canceling the order for the rest of the planes. If you don't come down on those seats, we can start closing the assembly line."

"Okay, give us a figure we can live with."

"We're not going to pay more than \$100 a seat."

"You have to be kidding. We gave you the plane at cost, but our understanding was we could charge anything we wanted for the optional equipment."

"Our agreement didn't include coffee pots and commodes. One hundred dollars or we take the whole program over to Grumman Aircraft."

"You have us over a barrel. We'll give it to you at that price but it will wipe out our entire profit margin. We only make \$540 on each plane."

The captain said: "That's your problem. I want a telegram on my desk about the price reduction by this afternoon. If it isn't here, you're going to get a 'Dear John' letter from me in the morning."

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